

AMENDED IN SENATE AUGUST 29, 2003

AMENDED IN SENATE AUGUST 18, 2003

AMENDED IN ASSEMBLY JUNE 2, 2003

AMENDED IN ASSEMBLY APRIL 21, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

## ASSEMBLY BILL

No. 1532

**Introduced by Assembly Member Nakano**  
*(Principal coauthor: Assembly Member Ridley-Thomas)*  
*(Principal coauthor: Senator Vasconcellos)*

February 21, 2003

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~~An act to add Section 116288 to the Health and Safety Code, relating to water. An act to add Chapter 4 (commencing with Section 13994) and Chapter 5 (commencing with Section 13999) to Part 4.7 of Division 3 of Title 2 of, and to add Chapter 3 (commencing with Section 15570) to Part 8.5 of Division 3 of Title 2 of, the Government Code, and to amend Section 22003 of the Public Utilities Code, relating to economic development.~~

### LEGISLATIVE COUNSEL'S DIGEST

AB 1532, as amended, Nakano. ~~Drinking water safety~~ *Economic development: real-time monitoring technology programs.*

*(1) Existing law establishes the Technology Planning Program and the Challenge Grant Program in the Technology, Trade, and Commerce Agency. Existing law also authorizes that agency to designate regional technology alliances to perform various duties relating to supporting technology and new business development.*

*This bill would transfer these programs and functions to the Business, Transportation and Housing Agency.*

*(2) Existing law requires, subject to the appropriation of funds for this purpose, the Technology, Trade, and Commerce Agency to implement a space industry development program. The agency is required to contract with a nonprofit corporation to assist in its administration of these activities, according to specified criteria, as well as serve as the California Spaceport Authority. The corporation is required to issue solicitations for the existing California Space Industry Competitive Grant Program and evaluate grant proposals with the assistance of an impartial review panel to be established by the corporation, according to specified criteria. The Secretary of Technology, Trade, and Commerce is required to award grants based upon these criteria.*

*This bill would refer to the above-described programs as the space enterprise development program and the California Space Enterprise Competitive Grant Program, transfer these programs to the Business, Transportation and Housing Agency, and make conforming and other technical changes.*

*(3) Existing law requires the Secretary of Technology, Trade, and Commerce to convene the California Economic Strategy Panel, which includes specified appointed members, to provide recommendations regarding an economic development strategic plan.*

*This bill would instead require the Secretary of Labor Workforce Development to lead the preparation of the above-described plan and convene the above-described panel. It would require the panel to address the development of a system of accountability for use in the annual state budget process and in the legislative process to measure the performance of all state policies, programs, and tax expenditures intended to stimulate the economy. The bill also would require the panel to develop a standard definition of economic development and to conduct specified studies related to the economic development sections of the State Budget. It would require the panel to submit a report of its findings and recommendations to the Legislature no later than one year after its first meeting after January 1, 2005.*

~~Under the existing California Safe Drinking Water Act, the State Department of Health Services is required to impose requirements on affected public water systems and water districts that are consistent with state law implementing the federal Safe Drinking Water Act. As part of implementing the state and federal acts, the department is required to~~



~~adopt regulations to, among other things, monitor contaminants in drinking water systems.~~

~~This bill would require the department to conduct a water security project, if federal funds are received for that purpose. The bill would prescribe the elements of the project, including the installation, operation, and maintenance of water monitoring devices at multiple locations within existing regional or local water systems, with the ability to detect the introduction of biological, chemical, or radiological agents into water systems. The bill would require reports by the department on the effectiveness of the water monitoring systems, and on recommendations for the most effective means of protecting the state's drinking water systems.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 116288 is added to the Health and~~  
2     ~~Safety~~

3     ~~SECTION 1. Chapter 4 (commencing with Section 13994) is~~  
4     ~~added to Part 4.7 of Division 3 of Title 2 of the Government Code,~~  
5     ~~to read:~~

6  
7                     ~~CHAPTER 4. TECHNOLOGY PROGRAMS~~  
8

9     ~~13994. Unless the context otherwise requires, the definitions~~  
10    ~~in this section govern the construction of this chapter.~~

11    ~~(a) "Agency" means the Business, Transportation and~~  
12    ~~Housing Agency.~~

13    ~~(b) "California-based foundation" means an organization~~  
14    ~~defined in the Internal Revenue Code as a private foundation,~~  
15    ~~which is incorporated in, and primarily conducts its activities~~  
16    ~~within, the state and receives funding in whole or in substantial~~  
17    ~~part from California-based companies.~~

18    ~~(c) "Collaborative research" means technological or scientific~~  
19    ~~research that accelerates existing research toward the~~  
20    ~~commercialization of products, processes, and services, and is~~  
21    ~~conducted jointly or funded jointly by some or all of the following:~~



- 1     (1) *The private sector, including intraindustry groups,*  
2     *California-based private foundations, industry associations, and*  
3     *nonprofit cooperative associations.*  
4     (2) *The federal government.*  
5     (3) *The state.*  
6     (4) *Public or private universities, colleges, and laboratories.*  
7     (d) *“Consortia” means jointly funded or jointly operated*  
8     *nonprofit independent research and development organizations.*  
9     *“Consortia development” means the establishment of consortia to*  
10    *manage and fund a variety of technology transfer projects within*  
11    *a specific technology or industry priority.*  
12    (e) *“Industry association” is a nonprofit organization with a*  
13    *substantial presence in California whose membership consists in*  
14    *whole or in part of California-based companies, and whose*  
15    *funding is derived in whole or in part from California-based*  
16    *companies.*  
17    (f) *“Information technology” includes, but is not limited to, all*  
18    *electronic technology systems and services, automated*  
19    *information handling, system design and analysis, conversion of*  
20    *data, computer programming, information storage and retrieval,*  
21    *telecommunications that include voice, video, and data*  
22    *communications, requisite system controls, simulation, electronic*  
23    *commerce, and all related interactions between people and*  
24    *machines.*  
25    (g) *“Nonprofit cooperative association” means an*  
26    *association, organized and operating pursuant to either Chapter*  
27    *1 (commencing with Section 54001) of Division 20 of the Food and*  
28    *Agricultural Code or Part 2 (commencing with Section 12200) of*  
29    *Division 3 of Title 1 of the Corporations Code.*  
30    (h) *“Technology” includes, but is not limited to, the*  
31    *application of science and engineering to research and*  
32    *development, especially for industrial or commercial objectives,*  
33    *in sectors that include telecommunications, information*  
34    *technologies, electronics, biochemistry, medicine, agriculture,*  
35    *transportation, space, and aerospace.*  
36    (i) *“Technology transfer” means the movement of the results of*  
37    *basic or applied technological or scientific research to the design,*  
38    *development, and production of new or improved products,*  
39    *services, or processes.*

1 13994.1. (a) (1) There is within the agency the Regional  
2 Technology Alliance Program. The intent of the regional  
3 technology alliances is to decentralize the delivery of services and  
4 resources, programs and activities for technology development,  
5 commercialization, application, and competitiveness at a regional  
6 level.

7 (2) The agency may designate new regional technology  
8 alliances upon application to carry out activities described in this  
9 section.

10 (3) The agency may establish criteria for designation that  
11 includes, but need not be limited to, criteria previously established  
12 by the Defense Conversion Council pursuant to Article 3.7  
13 (commencing with Section 15346) of Chapter 1, as it read on  
14 December 31, 1998.

15 (b) Each alliance shall perform the following activities:

16 (1) Raise and leverage funds from multiple public and private  
17 sources to support technology development, commercialization,  
18 and application and industry competitiveness particularly in  
19 response to defense industry conversion and diversification.

20 (2) Assist in the formation of new businesses.

21 (3) Maintain an electronic network and access to databases  
22 that encourages business ventures.

23 (4) Coordinate with activities and efforts of industry,  
24 academia, federal laboratories, and governments.

25 (5) Recommend administrative actions or programs that could  
26 assist California's defense-dependent industries to successfully  
27 convert to commercial markets.

28 (6) Provide information about state and federal defense  
29 conversion programs, including, but not limited to, job training,  
30 economic development, industrial modernization, dual-use  
31 technology, new management techniques, and technology  
32 development and transfer.

33 (7) Identify emerging industries that may include commercial  
34 space applications, transportation, environment, high  
35 performance computing and communications, biotechnology and  
36 advanced materials, and processing and critical existing  
37 industries.

38 (c) Each alliance may also perform, but need not be limited to,  
39 the following activities:

- 1     (1) Assist in identifying businesses that could benefit from  
2     defense conversion programs and defense-dislocated workers who  
3     require employment and training opportunities.
- 4     (2) Assist and provide coordination in determining job  
5     opportunities within and outside of the defense industry for which  
6     displaced workers could be retrained and placed.
- 7     (3) Serve as a forum for industrywide networking linking  
8     producers, suppliers, and consumers.
- 9     (4) Assist individual businesses and industry consortia in  
10    applying for state and federal defense conversion program funds.
- 11    (5) Provide information and assistance in upgrading  
12    individual businesses and industrywide production and  
13    management processes.
- 14    (6) Provide information on available state and federal  
15    resources to aid businesses and workers affected by defense  
16    spending reductions, base closures, plant closures, and layoffs, to  
17    foster long-term economic vitality, industrial growth, and job  
18    opportunities.
- 19    (d) Each alliance is encouraged to develop activities that  
20    achieve the following results:
- 21    (1) Creation and retention of jobs.
- 22    (2) Creation of new businesses.
- 23    (3) Development of new commercial or dual-use products.
- 24    (4) Establishment of industry partnerships and consortia.
- 25    (5) Demonstration of productivity enhancement such as return  
26    on investment, reduced cost, employee training, and upgrades.
- 27    (6) Establishment of public and private partnerships.
- 28    (7) Commitment of industry support, participation, and  
29    capital.
- 30    (8) Leverage of state funds.
- 31    (9) Loan repayment ratio.
- 32    (10) Participation of small businesses and minority-, women-,  
33    and disabled veteran-owned businesses.
- 34    (11) Work force training.
- 35    (e) The agency shall be authorized to enter into a contract for  
36    services with any alliance to provide services to the office. These  
37    contracts shall be sole source contracts, and exempt from the  
38    competitive bid process.
- 39    (f) During the first two years following selection of an alliance,  
40    the alliance shall monitor the performance of any application



1 funded pursuant to Section 13994.2, and each invoice for payment  
2 shall be reviewed and approved by the alliance, but the contract  
3 for services shall be directly between the agency and the entity  
4 receiving grant funding. Commencing with the third year of  
5 designation, any alliance with procedures and processes approved  
6 by the agency shall be authorized to directly contract with grant  
7 recipients. The agency shall audit these grants on a regular basis.

8 13994.2. (a) There is within the agency the Challenge Grant  
9 Program, consisting of technology transfer grants and defense  
10 industry conversion and diversification grants. Challenge grant  
11 projects funded shall include, but not be limited to, the following:  
12 defense industry conversion and diversification, access to ongoing  
13 research and research findings, exchange or transfer of personnel  
14 and research support services, including capital outlay, consortia  
15 development, and collaborative research.

16 (b) All funds appropriated or received by the Challenge Grant  
17 Program shall administratively be divided into either the  
18 Technology Transfer Grant Program or the Defense Industry  
19 Conversion and Diversification Program. Funding awards for the  
20 Technology Transfer Grant Program shall be made pursuant to the  
21 requirements set forth in Sections 13994.3 and 13994.6.

22 (c) The agency shall award grants based upon a competitive  
23 application process addressing the project's eligibility and ability  
24 to fulfill the goals of the program.

25 (d) The agency shall report on this program to the Governor  
26 and the Legislature.

27 13994.3. (a) An eligible technology transfer or defense  
28 industry conversion and diversification project shall, at least, do  
29 all of the following:

30 (1) Identify the sources of funding for the entire project.

31 (2) Not supplant other funding.

32 (3) Demonstrate that a significant portion of the project will be  
33 undertaken in California.

34 (b) In addition to the requirements contained in subdivision (a),  
35 a defense industry conversion and diversification project shall not  
36 receive more than 25 percent of the total project costs requested in  
37 the proposal.

38 (c) In addition to the requirements contained in subdivision (a),  
39 a technology transfer project shall:

- 1     (1) *Represent a technology or industry, or both, targeted in the*  
2 *application.*
- 3     (2) *Include a significant amount of matching contributions*  
4 *from either of the following:*
- 5         (A) *A private sector company or companies.*
- 6         (B) *A California-based foundation or foundations, an industry*  
7 *association or associations, or a nonprofit cooperative*  
8 *association or associations.*
- 9     (3) *Include either of the following:*
- 10         (A) *A private sector company or companies that have*  
11 *significant operations in the state.*
- 12         (B) *A California-based foundation or foundations, an industry*  
13 *association or associations, or a nonprofit cooperative*  
14 *association or associations.*
- 15     13994.4. *The technology transfer grantee shall not incur*  
16 *expenses to be paid with grant funds without evidence of a*  
17 *workable agreement between the parties participating in the*  
18 *project that includes at least both of the following:*
- 19         (a) *A resolution of the intellectual property rights relative to the*  
20 *project.*
- 21         (b) *A direct and ongoing involvement of the public and private*  
22 *sectors, when applicable in the project.*
- 23     13994.5. (a) *In awarding technology transfer grants, the*  
24 *agency shall consider the following:*
- 25         (1) *The likelihood of commercialization of a product, service,*  
26 *or process.*
- 27         (2) *The potential impact on the state's economy.*
- 28         (3) *The cost-effectiveness of the project.*
- 29         (4) *The importance of state funding for the viability of the*  
30 *project.*
- 31         (5) *Cost sharing by other participants.*
- 32         (6) *The involvement of small businesses and minority-,*  
33 *disabled veteran-, and women-owned businesses.*
- 34         (7) *Projects that will result in a prototype by the end of the grant*  
35 *period.*
- 36         (8) *Other criteria that the agency determines are consistent*  
37 *with the purposes of the program.*
- 38         (b) *The agency shall target industries and technologies with a*  
39 *potential for enhancing the California economy, and shall fund*  
40 *projects within those industries and utilizing those technologies.*

1 13994.6. Technology transfer projects may include  
2 reasonable overhead costs incurred by a research institute and  
3 related to the project that shall not exceed the allowable federal  
4 overhead costs for research. All other projects may include any  
5 costs authorized by the principal funding agency, and not  
6 precluded by state requirements.

7 13994.7. Except for defense industry conversion and  
8 diversification projects, only a public agency or a not-for-profit or  
9 nonprofit organization shall receive funds under this chapter. Any  
10 person or entity is authorized to receive a defense industry  
11 conversion and diversification grant.

12 13994.8. (a) The agency may obtain scientific and  
13 technological expertise as needed to provide advice and input on  
14 the program, the establishment of targeted technologies and  
15 industries, the review of grant applications, and the review of  
16 project performance.

17 (b) The agency may award funds over a multiyear period to a  
18 grantee without requiring the grantee to reapply, so long as the  
19 funds in multiple years are utilized for the same project originally  
20 funded.

21 13994.9. (a) Notwithstanding Sections 13994.2, 13994.3,  
22 13994.4, and 13994.5, and the regulations implementing this  
23 chapter, the secretary may award discretionary technology  
24 transfer grants totaling not more than 5 percent or one hundred  
25 thousand dollars (\$100,000), whichever is greater, of the funds  
26 appropriated each year for this program.

27 (b) Notwithstanding Sections 13994.2, 13994.3, 13994.4,  
28 13994.5, and subdivision (a) of this section, the secretary may  
29 award up to 15 percent of the funds appropriated for a given fiscal  
30 year for consortia development projects that do not have private  
31 sector match but will have private sector match within six months  
32 from the date of the award of funding. For purposes of this  
33 subdivision, "private sector match" means a cash or in-kind  
34 contribution available for expenditure or use to a consortium  
35 development project. If, after six months, no private sector match  
36 is available, funding under the program shall cease and all moneys  
37 previously received shall be returned to the state.

38 13994.10. (a) In order to carry out this chapter, there is  
39 hereby created in the State Treasury the California Competitive  
40 Technology Fund.

1 (b) The fund shall receive state funds appropriated to it,  
2 contributions from nonstate sources, reimbursements, federal  
3 funds, and interest that accrues to the moneys in the fund pursuant  
4 to subdivision (c).

5 (c) The Treasurer shall invest moneys contained in the fund not  
6 needed to meet current obligations in the same manner as other  
7 public funds are invested.

8 (d) Notwithstanding Section 13340, all moneys in the fund are  
9 continuously appropriated without regard to fiscal years to the  
10 agency for the purposes of this chapter, and for the purposes for  
11 which moneys were provided. Except for state funds appropriated  
12 to, or transferred into, the fund for local assistance, moneys in the  
13 fund, including all interest, may be spent for support.

14 13994.11. The agency shall report on this program to the  
15 Governor and the Legislature.

16 13994.12. There is hereby established within the agency the  
17 Technology Planning Program. The program shall provide grants  
18 and technical assistance to California nonprofit organizations and  
19 public entities working within specific industries to identify  
20 conversion or expansion projects. Grants may be awarded in the  
21 areas of strategic planning and strategic alliances. The program  
22 shall award grants based upon a competitive application process  
23 addressing the project's eligibility, a review of the proposal's  
24 scientific and technological aspects, and ability to fulfill goals of  
25 the program. Priority shall be given to those projects with the  
26 identified support of industry representatives, matching funding,  
27 projects likely to receive federal funds requiring matching funds,  
28 and any other criteria determined by the agency. A project example  
29 is a joint effort to develop and commercialize defense-related  
30 technologies by federal laboratories, universities, and companies  
31 in close geographical proximity.

32 SEC. 2. Chapter 5 (commencing with Section 13999) is added  
33 to Part 4.7 of Division 3 of Title 2 of the Government Code, to read:

34  
35 CHAPTER 5. SPACE ENTERPRISE DEVELOPMENT ACT

36  
37 13999. This chapter shall be known and may be cited as the  
38 Space Enterprise Development Act.

39 13999.1. For purposes of this act, the following terms have  
40 the following meanings:



1 (a) “Agency” means the Business, Transportation and  
2 Housing Agency.

3 (b) “Authority” means the California Spaceport Authority.

4 (c) “Date of designation” means the date that the spaceport  
5 receives designation by the authority pursuant to Section 13999.3.

6 (d) “Governing body” means the governing body of a city,  
7 county, city and county, special district, or joint powers authority.

8 (e) “Launch” means to place, or attempt to place, a launch  
9 vehicle into a ballistic, suborbital, or orbital trajectory, into Earth  
10 orbit in outer space, or otherwise into outer space, and also is a  
11 means of placing a commercial, civil, or military payload into  
12 Earth orbit or beyond, including all activities involved in the  
13 preparation of a launch vehicle for flight, including all processing,  
14 servicing, and support activities that take place at a launch site or  
15 at a California mission control support site for ocean launches. A  
16 “launch” begins with the arrival of the launch vehicle or payload  
17 at the launch site.

18 (f) “Launch site” means a location from which a space launch  
19 or operation directly associated with a space launch takes place,  
20 a location at which a launch vehicle or its payload, if any, is  
21 intended to land, or as defined in the Commercial Space Launch  
22 Act (49 U.S.C. Sec. 70101 and following). The site includes any  
23 right-of-way directly associated with the space launch or reentry  
24 operations and all facilities and support infrastructure related to  
25 launch, reentry, or payload processing.

26 (g) “Launch vehicle” means a vehicle specifically designed  
27 and built to operate in or place a payload in the upper atmosphere  
28 or outer space. “Launch vehicles” include, but are not limited to,  
29 expendable space launch vehicles and reusable launch vehicles.

30 (h) “Operation of a launch site” means the conduct of  
31 approved safety operations at a launch site to support the  
32 launching of vehicles and payloads.

33 (i) “Operation of a reentry site” means the conduct of safety  
34 operations at a fixed site on Earth at which a reentry vehicle and  
35 its payload, if any, is intended to land.

36 (j) “Payload” means an object, including, but not limited to,  
37 a satellite that a licensed launch site undertakes to place into outer  
38 space by means of a launch vehicle, including components of the  
39 vehicle specifically designed or adopted to support that activity.

1 (k) “Person” means any individual and any corporation,  
2 partnership, joint venture, association, or other entity organized  
3 or existing under the laws of any state or nation.

4 (l) “Reentry” means the return of any launch vehicle that has  
5 been placed in a ballistic, suborbital, or orbital trajectory, and its  
6 payload, if any, to the Earth. “Reentry” includes all activities  
7 involved in the postflight ground operations. A “reentry” ends  
8 when a launch vehicle or payload, if any, has completed its descent  
9 to Earth and is retrieved.

10 (m) “Reentry site” means the location on Earth at which a  
11 reentry is intended to occur, as defined in a license issued or  
12 transferred by the United States Secretary of Transportation, and  
13 any necessary support infrastructure related to reentry or payload  
14 recovery.

15 (n) “Reusable launch vehicle” means a vehicle that is designed  
16 to launch into an orbital or suborbital trajectory, into Earth orbit  
17 in outer space, or otherwise into outer space, that returns to Earth  
18 and is reused for a subsequent future launch.

19 (o) “Secretary” means the Secretary of Business,  
20 Transportation and Housing.

21 (p) “Spaceport” means an entity that has been designated  
22 pursuant to Section 13999.3.

23 13999.2. (a) Subject to the availability of funds appropriated  
24 for that purpose, the Business, Transportation and Housing  
25 Agency shall implement a space enterprise development program  
26 to foster activities that increase the competitiveness of space  
27 enterprise in California, including, but not limited to, the  
28 commercial use of space, space vehicle launches, space launch  
29 infrastructure, manufacturing, applied research, technology  
30 development, economic diversification, and business  
31 development.

32 (b) The agency may contract with other state or private  
33 agencies, nonprofit corporations, universities, firms, or  
34 individuals for the performance of technical or specialized work,  
35 or for services related to space enterprise development programs.

36 (c) The secretary shall select a California nonprofit  
37 corporation to assist the agency in its administration of space  
38 enterprise economic development activities through programs,  
39 projects, grants, partnerships, networks, and collaboration. The  
40 corporation shall be selected through a solicitation process



1 *established by the agency. The solicitation process shall include*  
2 *criteria for selection of the corporation, which shall include, but*  
3 *not be limited to, demonstrated experience in space enterprise and*  
4 *the ability to perform space enterprise development activities*  
5 *described in subdivision (d).*

6 *(d) The corporation may perform one or more of the following*  
7 *activities, as determined contractually between the agency and the*  
8 *corporation:*

9 *(1) Serve as the California Spaceport Authority with*  
10 *responsibilities specified in Section 13999.3.*

11 *(2) Pursue grants from the federal government or from private*  
12 *businesses, foundations, or individuals, for California space*  
13 *enterprise activities, including, but not limited to, studies,*  
14 *services, infrastructure improvements and modernization, and*  
15 *defense transition programs, to the extent permitted by law.*

16 *(3) Identify science and technology trends that are significant*  
17 *to space enterprise and the state and act as a clearinghouse for*  
18 *space enterprise issues and information.*

19 *(4) Develop and implement a state strategy for applying and*  
20 *commercializing technology to create jobs, respond to industry*  
21 *changes, and foster innovation and competitiveness in space*  
22 *enterprise.*

23 *(5) Provide information to the secretary relevant to changes in*  
24 *federal, state, and local statutes and regulations that will enhance*  
25 *the development of space enterprise in California.*

26 *(6) Provide information to the secretary regarding the*  
27 *development of laws, regulations, decisions, or determinations*  
28 *affecting the economic and employment impacts of space*  
29 *enterprise in California.*

30 *(7) Provide recommendations to the secretary for appropriate*  
31 *state funding mechanisms and amounts to promote development of*  
32 *space enterprise in California, including education and workforce*  
33 *development.*

34 *(8) Provide recommendations to the secretary in the form of*  
35 *strategic planning documents.*

36 *(9) Review applications for, and promote, the California Space*  
37 *Enterprise Competitive Grant Program established by Section*  
38 *13999.4.*

1     (e) (1) *The agency and the corporation shall enter into an*  
2 *annual contract specifying the activities to be performed by the*  
3 *corporation.*

4     (2) *Pursuant to the contract, the corporation shall submit to the*  
5 *agency quarterly reports of its activities and finances. The*  
6 *quarterly reports shall be of sufficient detail for the agency to*  
7 *determine whether the corporation is in compliance with the*  
8 *annual contract between the agency and the corporation.*

9     (3) *The annual contract shall include conflict of interest*  
10 *requirements developed by the agency.*

11     (4) *Failure of the corporation to comply with the conditions in*  
12 *the annual contract, as evidenced in the quarterly reports and any*  
13 *supplemental monitoring of the corporation by the agency, shall*  
14 *result in the cancellation of the annual contract and deselection of*  
15 *the corporation. Upon the deselection of the corporation, the*  
16 *agency shall utilize the solicitation process set forth in subdivision*  
17 *(c) to select a replacement corporation.*

18     13999.3. (a) *The California Spaceport Authority shall*  
19 *designate spaceports for the operation of launch sites or reentry*  
20 *sites.*

21     (b) *Any city, county, city and county, special district, joint*  
22 *powers authority, or private entity, as appropriate, may apply to*  
23 *the authority for designation as a spaceport.*

24     (c) (1) *The application described in subdivision (b) shall*  
25 *require at least the following information to be submitted to the*  
26 *authority:*

27     (A) *A written notice of intent to apply for a federal launch site*  
28 *operator's license from the United States Secretary of*  
29 *Transportation under the authority of the Commercial Space*  
30 *Launch Act (49 U.S.C. Sec. 70101 and following), to be received*  
31 *by the authority no later than 60 days prior to the submission of*  
32 *the application to the United States Secretary of Transportation.*

33     (B) *A copy of the perfected application submitted to the United*  
34 *States Secretary of Transportation for a federal launch site*  
35 *operator's license.*

36     (C) *A written notice of acceptance or denial by the United*  
37 *States Secretary of Transportation for a federal launch site*  
38 *operator's license. If acceptance is granted, a copy of the license*  
39 *shall be included in the written notice.*

1     (2) *This subdivision shall not apply to any launch site operator*  
2 *who is federally licensed on or before January 1, 2001.*

3     (d) *The authority shall withdraw spaceport designation upon*  
4 *receipt of notice from the Federal Aviation Administration that the*  
5 *launch site operator of the spaceport no longer meets safety*  
6 *requirements or that safety deficiencies in the spaceport have*  
7 *remained uncorrected for a reasonable period of time after being*  
8 *identified.*

9     13999.4. (a) *The California Space Enterprise Competitive*  
10 *Grant Program is hereby established within the Business,*  
11 *Transportation and Housing Agency to provide funding, upon*  
12 *appropriation by the Legislature, for the development of space*  
13 *enterprise in California. For purposes of this section, space*  
14 *enterprise activities shall include, but are not limited to, the*  
15 *commercial use of space, space vehicle launches, space launch*  
16 *infrastructure, manufacturing, applied research, technology*  
17 *development, economic diversification, and business*  
18 *development. Entities conducting activities in California intended*  
19 *to improve the competitiveness of space enterprise in California,*  
20 *including public, private, educational, commercial, nonprofit, or*  
21 *for-profit entities may apply for grants.*

22     (b) (1) *If program funding is appropriated by the Legislature,*  
23 *the corporation selected pursuant to subdivision (c) of Section*  
24 *13999.2 of this bill shall, at least annually, issue solicitations. No*  
25 *solicitation shall be issued without the prior review and approval*  
26 *by the agency. If the corporation has not issued a solicitation*  
27 *within 180 days of the appropriation of funds, the agency shall*  
28 *issue the solicitation.*

29     (2) *Solicitations developed by the corporation shall include*  
30 *minimum eligibility and requirements. Additional requirements*  
31 *may be added to each year's grant solicitation. The solicitation*  
32 *shall address at least all of the following:*

33     (A) *Jobs created and retained by the implementation of the*  
34 *project.*

35     (B) *Cost sharing by other project participants, which should*  
36 *include at least one of the following:*

37         (i) *A private sector company or companies.*

38         (ii) *One or more foundations, industry associations, or*  
39 *nonprofit cooperative associations, or any combination thereof.*

40         (iii) *In-kind support, which may include staff and facilities.*

- 1     (iv) *Federal or local government funding.*  
2     (C) *A condition that grant funds will not be used to supplant*  
3 *other project funds.*  
4     (D) *A demonstration that a majority of the project will be*  
5 *undertaken in California.*  
6     (E) *An agreement among all project participants as to*  
7 *intellectual property rights relative to the project.*  
8     (F) *The potential impact on the state's economy.*  
9     (G) *The cost-effectiveness of the project.*  
10    (H) *The importance of state funding for the viability of the*  
11 *project.*  
12    (I) *A demonstration of technical feasibility and an assessment*  
13 *of programmatic risk.*  
14    (c) *In evaluating grant proposals, the corporation shall*  
15 *establish an impartial review panel composed of technical and*  
16 *scientific experts and government representatives to review grant*  
17 *applications. The panel shall be composed of members from*  
18 *throughout the state who are knowledgeable about activities*  
19 *related to space enterprise. No more than 30 percent of the panel*  
20 *members shall be government representatives, and all other*  
21 *members shall either be actively involved in, or be technical and*  
22 *scientific experts in activities related to, space enterprise. No more*  
23 *than 30 percent of the panel members shall be members of, or on*  
24 *the board of directors of, the corporation.*  
25    (d) (1) *The review panel shall review all applications received*  
26 *by the deadline specified in the solicitation in order to determine*  
27 *the applications that are complete and that meet the criteria set*  
28 *forth in the solicitation. The review panel may rely on experts who*  
29 *are not part of the panel in order to determine compliance with one*  
30 *or more criteria.*  
31    (2) *All applications meeting the criteria set forth in paragraph*  
32 *(1) shall be submitted to the agency.*  
33    (3) *The agency may remove one or more applications from*  
34 *those submitted by the review panel upon a determination that the*  
35 *application did not meet the criteria set forth in paragraph (1). The*  
36 *agency shall rank the grant applications received from the review*  
37 *panel, minus any applications removed by the agency because of*  
38 *failure to meet the criteria. The ranking shall be based upon*  
39 *criteria stated in the solicitation. The ranking shall include*

1 *recommendations as to the amount of state funding for each grant*  
2 *application.*

3 *(e) The secretary shall award program grants based upon the*  
4 *criteria set forth in paragraph (1) of subdivision (d).*

5 *(f) The funding determination shall be transmitted to the*  
6 *Governor and the chairpersons of the Senate and Assembly fiscal*  
7 *committees and shall be subject to the availability of funds*  
8 *appropriated for that purpose.*

9 *(g) The solicitation process set forth in this section shall not be*  
10 *subject to Chapter 3.5 (commencing with Section 11340) of Part*  
11 *I.*

12 *(h) The Legislature hereby finds and declares that the granting*  
13 *of funds to private entities serves a public purpose by assisting an*  
14 *industry vital to the health and welfare of the State of California.*

15 *SEC. 3. Chapter 3 (commencing with Section 15570) is added*  
16 *to Part 8.5 of Division 3 of Title 2 of the Government Code, to read:*

17  
18 *CHAPTER 3. CALIFORNIA ECONOMIC DEVELOPMENT STRATEGIC*  
19 *PLAN*  
20

21 *15570. (a) The secretary shall lead the preparation of a*  
22 *biennial California Economic Development Strategic Plan. In*  
23 *fulfilling this duty, the secretary shall do the following:*

24 *(1) Review the recommendations made by the California*  
25 *Economic Strategy Panel in their biennial economic development*  
26 *strategic plan document. This document shall make*  
27 *recommendations regarding an economic development strategic*  
28 *plan for the state, covering a two-year time period and containing*  
29 *a statement of economic goals for the state, a prioritized list*  
30 *identifying significant issues learned from economic development*  
31 *strategic plan panel meetings, proposals for legislation,*  
32 *regulations, and administrative reforms necessary to improve the*  
33 *business climate and economy of the state, evaluation of the*  
34 *effectiveness of the state's economic development programs, a list*  
35 *of key industries in which the state shall focus its economic*  
36 *development efforts, and strategies to foster job growth and*  
37 *economic development covering all state agencies, offices, boards,*  
38 *and commissions that have economic development*  
39 *responsibilities.*

1     (2) Convene a biennial economic strategy panel to provide  
2     recommendations regarding a California economic development  
3     strategic plan. This panel shall conduct meetings in Sacramento,  
4     all cities of the state with populations over 500,000, and in major  
5     cities of other regions of California as designated by the secretary.  
6     The secretary shall invite businesses, labor unions, organizations  
7     representing the interests of diverse ethnic and gender groups,  
8     local government leaders, academic economists and business  
9     professors, chambers of commerce and other business  
10    organizations, government agencies, and key industries to  
11    contribute to the preparation of the recommended economic  
12    strategy. These meetings shall address at least the following  
13    matters of concern:

14    (A) Strengths and weaknesses of the California economy and  
15    the state's prospects for future economic prosperity.

16    (B) Emerging and declining industries in California and  
17    elsewhere.

18    (C) Effectiveness of California's economic development  
19    programs in creating and retaining jobs and attracting industries.

20    (D) Adequacy of state and local physical and economic  
21    infrastructure.

22    (E) Government impediments to economic development.

23    (F) The development of a system of accountability for use in the  
24    annual state budget process and in the legislative process to  
25    measure the performance of all state policies, programs, and tax  
26    expenditures intended to stimulate the economy. In developing a  
27    system of accountability, the panel shall, by using only existing  
28    resources and without future budget augmentation made for this  
29    purpose, do all of the following:

30    (i) Develop a standard definition of economic development.

31    (ii) Develop, for use in state law, standard measurements of real  
32    per capita income, job growth, new business creation, private  
33    sector investment, minority entrepreneurship, and income  
34    inequality.

35    (iii) Survey and evaluate efforts in other states to develop  
36    accountability measures for public investments in economic  
37    development.

38    (iv) Determine whether a return on investment calculation is  
39    feasible for public investments in economic development.

(v) Conduct a comparative study of various methodologies for preparing the economic development sections of a state budget, including unified functional budget, zero-based budget, and performance-based budget methodologies.

(vi) Study the feasibility of statutory disclosure requirements on specified publicly funded subsidies to private sector businesses.

(vii) Submit a report of its findings and recommendations regarding this subparagraph to the Legislature no later than one year after its first meeting after January 1, 2005.

(b) The panel shall be composed of the following 15 members:

(1) The Secretary of Labor and Workforce Development, who shall serve as chair of the panel.

(2) Eight persons appointed by the Governor.

(3) The Speaker of the Assembly or his or her designee.

(4) The President pro Tempore of the Senate or his or her designee.

(5) The Minority Leader of the Assembly or his or her designee.

(6) The Minority Leader of the Senate or his or her designee.

(7) One person appointed by the Speaker of the Assembly.

(8) One person appointed by the Senate Committee on Rules.

(c) The panel shall be representative of state government, business, labor, finance, and academic institutions, and shall be broadly reflective of the state's population as to gender, ethnicity, and geographic residence within California.

At least one-half of all the persons on the panel shall be from the private sector and at least two appointments shall be from private businesses with less than 50 employees. At least two appointments shall be from rural areas of the state. Beginning January 1, 2004, appointments to the panel shall be for four-year terms, except that the Governor's appointments made pursuant to paragraph (2) of subdivision (b) shall be made as follows:

(1) Four members shall be appointed on January 1, 2004, and every four years thereafter.

(2) Four members shall be appointed on January 1, 2004, for a two-year term.

(3) Upon the expiration of the initial appointments made pursuant to paragraph (2), four members shall be appointed on January 1, 2006, and every four years thereafter.

(d) The secretary shall deliver copies of the economic strategy panel's recommended California economic development strategic

1 *plan to every constitutional officer, legislator, member of the*  
2 *Governor's cabinet, members of the economic development*  
3 *strategic plan panel, and every state agency, office, board, and*  
4 *commission having economic development responsibilities.*

5 *(e) In each succeeding two-year cycle, the secretary shall*  
6 *undertake this process anew, so as to update the economic strategy*  
7 *on or before October 31 of each succeeding second year.*

8 *SEC. 4. Section 22003 of the Public Utilities Code is amended*  
9 *to read:*

10 22003. (a) Unless the context otherwise requires, the  
11 definitions and general provisions contained in this chapter govern  
12 the construction of this part.

13 (b) "Spaceport" and associated terms contained in this part  
14 shall be defined pursuant to Section 13999.1 of the Government  
15 Code.

16 ~~Code, to read:~~

17 ~~116288. (a) If federal funding is received by the state through~~  
18 ~~the California Spaceport Authority for a water security project to~~  
19 ~~protect the safety of regional and local drinking water systems, the~~  
20 ~~department shall conduct a water security project, if the~~  
21 ~~department determines that the amount, terms, and conditions of~~  
22 ~~the funding are sufficient to conduct the project, including an~~  
23 ~~amount sufficient to reimburse the department for its costs in~~  
24 ~~administering the project. No state, regional, or local agency shall~~  
25 ~~be required to match the federal funds received for this project.~~

26 ~~(b) The project shall include the installation, operation, and~~  
27 ~~maintenance of water monitoring devices at multiple locations~~  
28 ~~throughout the state. The devices shall provide real-time or near~~  
29 ~~real-time early warning of the accidental or intentional~~  
30 ~~introduction of biological, chemical, or radiological agents into~~  
31 ~~the water system.~~

32 ~~(c) The project shall include all of the following elements:~~

33 ~~(1) Be located at sites within existing regional or local water~~  
34 ~~distribution or delivery systems in California.~~

35 ~~(2) Use a sensor system that autonomously monitors reservoirs,~~  
36 ~~lakes, canals, pipelines, and other appropriate bodies of water in~~  
37 ~~any regional or local water system.~~

38 ~~(3) Be designed to detect chemical, biological, and radiological~~  
39 ~~agents in levels that the department determines are a threat to~~  
40 ~~public health and safety.~~

1     ~~(4) Use a system of communication that includes a land-based~~  
2 ~~system with a small satellite uplink that can provide data on~~  
3 ~~multiple locations on a real-time or near real-time basis.~~  
4     ~~(5) Operate for at least 18 months after installation.~~  
5     ~~(d) If funds are received for the project, the department shall~~  
6 ~~report not more than 18 months after the date on which the funds~~  
7 ~~are received, and annually thereafter for the duration of the project,~~  
8 ~~to the Legislature, the Office of Emergency Services, and the~~  
9 ~~Office of Homeland Security on the effectiveness of the water~~  
10 ~~monitoring project, and on recommendations for the most~~  
11 ~~effective means of protecting the state's drinking water systems.~~

